

VZCZCXYZ0002
RR RUEHWEB

DE RUEHUP #1730 2891627
ZNR UUUUU ZZH
R 161627Z OCT 07
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 2093

UNCLAS BUDAPEST 001730

SIPDIS

SIPDIS

DEPARTMENT FOR OHI/EUR JOHN BECKER, EUR/NCE MARC NORDBERG;
PLEASE PASS TO NSC FOR ADAM STERLING

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [PHUM](#) [KDEM](#) [HU](#)
SUBJECT: NIERENBERG ART RESTITUTION UPDATE

11. (U) Summary: In an October 3 meeting with Commission for Art Recovery lawyers Agnes Peresztegi (Amcit) and Tamas Vargas, little doubt remains that time is running out for action in the Nierenberg art restitution case. After nearly a decade of deliberations, this case is in the final stage of judicial process. A hearing, which will render a final decision, is set for January 10, 2008. Peresztegi and Vargas were very pessimistic about the decision going in Nierenberg's favor and believed that withdrawing the case from the court system was the best short-term strategy to avoid defeat. They asked for U.S. assistance in convincing the Hungarians to withdraw the case and resume out-of-court negotiations. Post has begun engaging the GOH to this end. End Summary.

Case Still in Judicial Process

12. (U) According to the lawyers, the most recent court decision in November 2006 returned only one of the paintings, the El Greco. The remaining nine stayed with the Hungarians. Grounds for the court decision were based upon unclear ownership of the paintings, and a still disputed claim that the statute of limitations for possession had lapsed. Both parties appealed this decision, with Nierenberg claiming that if one painting should be returned, then why not the other ten? The GOH made a similar appeal, stating that if only one should be returned, why return any at all? Written appeal arguments have been forwarded to the court, and both parties are waiting for the January 10, 2008, hearing.

13. (U) Three judges will review the written appeal arguments and will either render a decision on January 10, 2008, or two weeks thereafter. Additionally, they could reschedule the court case for continuation. The lawyers believe the decision will be against Nierenberg, stating that these same three judges have already ruled against another plaintiff in a looted art case. Peresztegi felt it was no accident that these judges were assigned to this case. She has considered raising the issue of bias with the court, but had previously been told that judges' decision records cannot be used to claim bias.

Hungary's Request for Return of Art

14. (U) Ironically, concurrent with the Nierenberg case, the GOH is also pursuing the return of cultural objects taken from Hungary during World War II. The Montreal Museum of Fine Art has already returned one painting to the GOH. However, the GOH has not been successful in receiving such items from Russia, who is not eager to return the objects without GOH assurance that the objects would be returned to their rightful owners and not remain with the GOH.

Moving Forward

=====

15. (U) Approximately ten weeks remain until the non-appealable decision could be rendered in the Nierenberg case. The lawyers have stated that post's engagement with the GOH to consider resuming negotiations would be very helpful in this case. Resuming negotiations would remove the case from the judicial process, delaying the final decision and giving the parties an opportunity to reach some kind of compromise. The most recent negotiations in this case failed years ago. Post has noted to the GOH the substantial U.S. interest in this case, including recent letters from the Helsinki Commission and Senator Kennedy. We will continue to engage on this issue using Washington visitors and visits to help carry our message.
LEVINE